GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2735
ANSWERED ON:17.03.2017
Performance of Private Insurance Companies
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has conducted any study to assess the performance of the private insurance companies in the country;

(b) if so, the details and the outcome thereof, company-wise;

(c) if not, the reasons therefor and the details of the regulating mechanism to keep tab on the performance of the private insurance companies; and

(d) the extraordinary measures taken during the last three years to ensure that private insurance companies follow the norms set by the regulatory body?

Answer

Minister of State in the Ministry of Finance

(a) to (c): As per Insurance regulatory and Development Authority of India (IRDAI), the performance of private insurance companies are assessed through the following: -

i.) Analysis of the financial statements and corporate governance report of the insurance companies on annual basis.
ii.) Analysis of the statement of expenses of management and payment of commission on an annual basis.
iii.) Analysis of the unclaimed amount of policyholders on half-yearly basis.
iv.) Monitoring/review of the various returns filed by the insurance companies under the Public Disclosures.
v.) Compliance of the returns regarding the statutory auditors on an annual basis.
vi.) Analysis of the solvency returns filed by the non-life insurance companies on a quarterly basis.
vii.) Offsite monitoring is done on an ongoing basis, which includes review of various returns / reports filed Monthly, Quarterly, Half-yearly and Annually by all the insurance companies as per the provisions of the statute and the regulations. This includes among others, New Business Performance, Claims performance and Grievance Redressal.
viii.) The Authority carries out periodical onsite inspection of the insurers to examine the compliance of the insurers to various statutory and regulatory provisions. In case of any deviations / violations are noticed, appropriate regulatory actions are taken including directing the insurers to initiate corrective actions, wherever necessary.
ix.) The Authority also takes into cognizance any violations observed during the course of reviewing the complaints received from the customers and initiates suitable corrective measures wherever required.

Further, IRDAI publishes a comprehensive Annual Report containing the performance of both public and private sector insurance companies, various regulatory initiatives taken and the major trends of the Insurance Sector. This report is placed on the table of the Parliament every year. This report also contains the Regulatory actions taken against insurance companies.

(d): The Insurance Laws (Amendment) Act, 2015 empowers IRDAI to initiate prosecution with fine and imprisonment upto 10 years for violation of insurance related legislations and also to initiate adjudication proceedings and levy penalties upto Rs.25 crore.